

**THIS DISPOSITION IS NOT  
CITABLE AS PRECEDENT  
OF THE TTAB**

Hearing:  
December 2, 2003

**Mailed: August 4, 2004**  
csl

**UNITED STATES PATENT AND TRADEMARK OFFICE**

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**Trademark Trial and Appeal Board**

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British-American Tobacco Company Limited and Tabacalera  
Istmena, S.A.

v.

Philip Morris USA, Inc.,  
by change of name from Philip Morris Incorporated

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Cancellation No. 92026549  
against Registration Nos. 739,265 and 1,857,357

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J. Christopher Jensen of Cowan, Liebowitz & Latman, P.C. for  
British-American Tobacco Company Limited and Tabacalera Istmena,  
S.A.

Anthony L. Fletcher of Fish & Richardson for Philip Morris USA,  
Inc.

Before Simms, Bucher and Holtzman, Administrative Trademark  
Judges.

Opinion by Simms, Administrative Trademark Judge:

British-American Tobacco Company Limited ("BATCO"), formed  
under the laws of the United Kingdom, and Tabacalera Istmena,  
S.A. ("TISA"), a corporation of Panama, have petitioned to

cancel two registrations owned by Philip Morris USA, Inc. (respondent), a Virginia corporation, of the mark BELMONT (Registration No. 739,265, issued October 16, 1962, twice renewed) and the mark BELMONT and design (Registration No. 1,857,357, issued October 4 1994, Section 8 affidavit accepted), both for cigarettes. Petitioners took testimony and both parties filed notices of reliance.<sup>1</sup> Both parties filed briefs and an oral hearing was held.

### Pleadings

In the petition for cancellation, petitioners assert that they make and sell tobacco products including cigarettes. Since at least the 1950s, BATCO and its affiliated companies have been making and selling cigarettes under the mark BELMONT and various BELMONT and design marks in several countries in Latin America. Petitioners allege that a BATCO affiliate first obtained a registration of BELMONT in Brazil in 1937, and that TISA, BATCO's wholly owned subsidiary, began selling BELMONT cigarettes in Panama in October 1959, where it quickly became a leading brand. On June 15, 1959, TISA applied to register this mark for cigarettes in Panama, and a registration was issued on March 22, 1962. A second registration, for BELMONT with a

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<sup>1</sup> Respondent relied on portions of discovery depositions of BATCO's head of international brands, Mark Waterfield, and TISA's country manager, Reynaldo Wong.

design, was issued in Panama on March 23, 1962. Between 1959 and 1962, petitioners state that other BATCO affiliates registered this mark in most countries of Latin America and that these affiliates have registrations in most of these countries today.

When respondent filed its U.S. application in 1962, which matured into Registration No. 739,265 herein sought to be cancelled, petitioners allege that respondent was a major competitor of TISA in Panama and, on information and belief, knew of TISA's use for at least two years prior to applying in the U.S. That is to say, petitioners assert, on information and belief, that respondent was aware of TISA's prior use in Panama. It is petitioners' allegation that, on information and belief, respondent filed its U.S. application, not because it intended commercial use of the mark, but to block application by TISA or other BATCO affiliates in this country. In a Petition to Make Special filed in conjunction with respondent's 1962 application, petitioners allege that respondent stated that it needed a U.S. registration in order to obtain registration in other countries including Panama.

After respondent's 1962 registration was issued, petitioners allege that respondent did not make commercial use in the United States of the BELMONT mark for cigarettes, but rather respondent's use, if any, was sporadic, casual or

nominal in an attempt to reserve the mark and block registration and use by TISA and other BATCO affiliates. Petitioners also plead, on information and belief, that when respondent filed its Section 8 and 9 post-registration affidavits in connection with the 1962 registration, in 1968 and 1982, respectively, no bona fide commercial use of the mark had been made, so that any rights in the mark were abandoned.

According to petitioners' pleading, respondent obtained its second registration on the basis of allegations of use in a statement of use but, on information and belief, respondent had not made bona fide commercial use of that mark at the time. Petitioners indicate that BATCO has sought to cancel respondent's trademark registrations in other countries.

Finally, petitioners allege that, at the time TISA adopted and registered its mark in Panama and when respondent applied and obtained its U.S. registrations, both Panama and the United States were members of the Pan American Convention (formally The General Inter-American Convention for Trademark and Commercial Protection of Washington, 1929) and continue to be. Petitioners also ask that respondent's registrations be cancelled pursuant to Article 8 of this Convention.

In its answer and amended answer, respondent admits that petitioners make and sell cigarettes and that, prior to November 16, 1989, respondent's use of the marks sought to be

cancelled was "consistent with the custom and practice of the tobacco industry at the time... for maintaining use of a trademark and the exclusive right to use said mark in commerce." Respondent admits that TISA was a competitor in Panama in 1962. Respondent also admits that TISA has filed an application to register the mark in this country and that registration has been refused. Further, respondent alleges that petitioners have unreasonably delayed more than 33 years to assert rights with respect to respondent's earlier registration, and about three years with respect to its second registration, and that such delay prejudices respondent in its defense.

Just before trial, respondent filed a motion to amend its answer to assert an additional affirmative defense. That motion was granted by the Board when this case was in the briefing stage, on May 15, 2003. In essence, that pleading alleges that TISA's U.S. applications<sup>2</sup> are void because TISA had no bona fide intention to use the marks at the time of filing. More particularly, respondent asserts that TISA filed its U.S. applications as an accommodation to BATCO, its parent,

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<sup>2</sup> Serial No. 75107355, filed May 21, 1996, for BELMONT for cigarettes, and Serial No. 75136592, filed July 19, 1996, for BELMONT ES EXTRA SUAVE and design, for tobacco, cigarettes, lighters and matches, both filed on the basis of applicant's *bona fide* intent to use the marks in commerce. TISA applications have been refused registration by the Examining Attorney handling

which concluded that it (BATCO) could not qualify to invoke the provisions of the Pan American Convention. Respondent alleges that TISA never exported cigarettes to the United States and that it does not intend to do so and had no bona fide intention to use the marks when it filed to register them in this country. Instead, respondent asserts that BATCO is the real party in interest.

The issues in this case are, therefore, the standing of TISA and BATCO to seek cancellation of respondent's registrations--that is, are TISA's applications void because TISA, the wholly owned subsidiary of BATCO, as well as BATCO, the parent, had no bona fide intention to use the marks when TISA filed its U.S. applications; whether respondent's registrations should be cancelled because of abandonment and lack of commercial use;<sup>3</sup> and whether these registrations should also be cancelled under the provisions of Article 8 of the Pan American Convention.

In an earlier ruling in the case, designated as *British-American Tobacco Co. v. Philip Morris Inc.*, 55 USPQ2d 1585 (TTAB 2000), the Board held that it has jurisdiction to

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those applications under Section 2(d) of the Act on the basis of the registrations here sought to be cancelled.

<sup>3</sup> Because respondent's 1962 registration is over five years old (in fact, 35 years old at the time of the filing of the petition to cancel), voidness of the registration is not a ground for cancellation set forth in Section 14 of the Trademark Act, 15 USC §1064.

consider petitioners' claims under Art. 8 of the Pan American Convention. That Convention binds contracting countries to grant to those entitled the same rights and remedies which their laws extend to their own nationals or domiciled persons with respect to trademarks and trade names. The Board noted that, under precedent,<sup>4</sup> the Convention had been held to be self-executing and became part of our law on ratification. The Board also held that the Convention provides remedies independent of the Lanham Act. Art. 8 has provisions which provide for the cancellation of registrations under certain circumstances. Respondent's request for reconsideration was denied by the Board in an unpublished opinion issued February 27, 2001.

#### The Record

We recite the evidence of record with respect to both respondent's claim that TISA (and BATCO) lacked a bona fide intention to use the mark BELMONT when it filed its U.S. applications, and the evidence relating to petitioners' claim that respondent's marks have been abandoned or not used on a commercial scale.

TISA's country manager, Mr. Wong, testified that, because of the relationship between BATCO and its wholly owned

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<sup>4</sup> *Bacardi Corp. of America v. Domenech*, 311 U.S. 150, 47 USPQ 350 (1940).

subsidiary, TISA,<sup>5</sup> and the fact that TISA and its officers report to and are paid by BATCO, BATCO's goals, objectives and strategies are TISA's. Wong dep., p. 11. BATCO had been attempting to make the packaging and advertising of the BELMONT cigarette brand uniform throughout Central and South America. At p. 29 of his deposition, Mr. Wong testified that TISA had and maintains an intention to use the BELMONT mark in commerce. According to Mark Waterfield, BATCO's regional marketing manager when the decision was made to have TISA distribute BELMONT cigarettes in the U.S. and to seek registration here as well, "[w]e would have communicated with TISA because we act as a group." Waterfield dep., p. 27. There is also e-mail correspondence of record demonstrating that petitioners attempted to obtain information on how another BATCO subsidiary introduced another brand (HOLLYWOOD) in the United States at an earlier period of time.

Mr. Waterfield also testified, at p. 28, that petitioners did not want to move ahead with the BELMONT mark in this country until the question of "ownership of the brand name" is resolved.

Petitioners' record pertaining to the issue of

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<sup>5</sup> At the time of trial, TISA was BATCO's wholly owned subsidiary. In the briefs, petitioners' counsel has represented that petitioners have undergone a reorganization, with BATCO and TISA now both being wholly owned and controlled subsidiaries of British-American Tobacco PLC. See petitioners' revised brief, p. 51.



abandonment or nonuse consists of respondent's admissions, testimony depositions, respondent's documents and documents from an online industry database. We shall recite the evidence pertaining to these issues chronologically.

Petitioners made of record respondent's discovery responses, including portions of the discovery depositions of Douglas Nelson, vice president of Philip Morris Duty Free, Inc.; Gregory Walsh, a district manager of respondent's; Michael Murphy, respondent's manager of private label business. Petitioners also relied on clarifying excerpts, under Trademark Rule 2.120(j)(4), of the discovery deposition of Reynaldo Wong, TISA's country manager. Those responses and other evidence reveal the following information. Respondent has no knowledge, information or documents concerning the volume of sales of BELMONT cigarettes in the United States from 1962 to 1986. Response to Interrogatory No. 22. Further, respondent reported no U.S. sales of BELMONT cigarettes from 1974 to 1993 to Management Science Associates, a company which compiles monthly information from cigarette manufacturers concerning wholesale distribution of cigarettes.

In 1979 and in 1983, respondent conducted market tests of BELMONT and other cigarette brand names for possible new low tar and menthol cigarettes. There is no evidence that

the BELMONT mark was ever introduced as a result of those tests.

Also of record is a May 19, 1986 letter (petitioners' Notice of Reliance No. 1, Exhibit H) indicating that 66,000 BELMONT cigarettes, or the equivalent of 330 cartons, figuring 200 cigarettes per carton.<sup>6</sup> were made and placed in cold storage pending orders received.

In the years 1987 to 1989, respondent sold no more than 72,000 BELMONT cigarettes (the equivalent of 360 cartons of BELMONT cigarettes). Response to Interrogatory No. 23. Respondent has no documents concerning the volume of BELMONT cigarettes sales in United States from 1990 to 1992. Response to Interrogatory No. 24.

In late 1993 or early 1994, respondent began selling ten different brands of cigarettes in a clear cellophane carton under the mark Collector's Choice. Collector's Choice was a part of respondent's Specialty Brands program, by which sales were made of cigarettes with a smaller market than respondent's other brands. Walsh discovery dep., pp. 25-26. The Collector's Choice Series was sold in gift stores and tobacco shops.

The Collector's Choice Vista Series contained a collection of low tar and low nicotine cigarettes. The ten

cigarette packs bearing ten different marks, including the BELMONT brand, apparently contained the same undistinguishable cigarettes. BELMONT cigarettes were not a "stand-alone" brand. Walsh discovery dep., pp. 10, 64.

Exhibit O of petitioners' second Notice of Reliance, a letter from Mr. D.L. Smith dated August 2, 1993, with the subject "Collector's Choice Promotion," states:

In order to preserve some of our trademark names, the Brand Group has developed a program called the Collector's Choice Promotion. The program consists of two series of 10 brands each. The conventional carton unit will hold 10 different brands. The yearly volume of cigarettes required to conduct this promotion is approximately 20 million units. Please manufacture the following quantities for each brand.

BELMONT Yearly Cigarette Requirements  
1,008,000.

Exhibit Q to petitioners' second Notice of Reliance, a letter from Susan Reich dated September 8, 1993, stated that one case of each series would be sent out to one pre-determined point by early October. "We will then be 'legit'."

Exhibit P-27 to the Nelson discovery deposition, a letter to all office managers dated September 8, 1993, states: "The time has again arrived to market a collection of our smaller brands to maintain their trademark

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<sup>6</sup> See petitioners' brief, p. 12 n. 10.

viability." The letter indicates the need to sell 375 cases (60 cartons per case). In this regard, Mr. Nelson, respondent's vice president of sales in the Northeast region, admitted that 375 cases would be a "very small quantity" for a brand. Nelson discovery dep., p. 48. Mr. Nelson indicated that, for his part, although he was in his position since 1988, he first heard of the BELMONT brand in 1996. Nelson discovery dep., p. 13. He also indicated that Collector's Choice cigarettes are only sold in certain areas of the country. Nelson discovery dep., pp. 50-51.

In 1994, respondent did not sell more than 802 60-carton cases of Collector's Choice Vista Series cigarettes (of which BELMONT cigarettes were in one of ten packages), or the equivalent of about 4,800 BELMONT cartons. Response to Interrogatory No. 52. For that year, net sales for the Vista Series were less than \$375,000, of which BELMONT cigarettes sales were ten percent, being one of the ten packs in each carton. Response to Interrogatory No. 56.

Exhibit V V in petitioners' second notice of reliance, a letter dated September 12, 1994, indicated that there were significant quantities of Collector's Choice products still in Richmond inventories, including 6.9 million Vista Series cigarettes.

In 1995, sales were no more than 193 60-carton cases of Collector's Choice Vista Series (or the equivalent of 1,160 BELMONT cartons). Response to Interrogatory No. 57. U.S. net sales of these cigarettes for that year were less than \$275,000, of which BELMONT cigarette sales were ten percent of that figure. Response to Interrogatory No. 59.

In 1996, the equivalent of about 150 BELMONT cartons were sold. However, in a four-month period in 1996, over 2 million Vista Series cigarettes (or the equivalent of about 1,000 BELMONT cartons) were returned for destruction because they were stale (on shelves for 9 to 12 months). Exhibit U U.

Respondent's only advertising or promotion in connection with the BELMONT brand was point-of-sale materials for the Collector's Choice Vista Series (1993--\$160,000; 1997--\$8,060; 1998--around \$101,000; 1999--about \$192,000). In other words, respondent did not advertise or promote BELMONT cigarettes except as a part of the Collector's Choice Vista Series. Walsh discovery dep., p. 64.

Petitioners also took the testimony of Guillermo Alvarez, the manager of forecasting and analysis for Brown & Williamson Tobacco Corporation, a BATCO company. He testified concerning the sales of cigarettes in the United

States reported monthly by cigarette manufacturers to Management Science Associates, which compiles an industry database relied upon by companies in the trade. From the database documents he reviewed, there were no shipments of BELMONT cigarettes to wholesalers in the years 1974 through 1993. Alvarez dep., 23. In Exhibit 20, entitled "Shipments to Wholesale-Historical Shipment Data, Database as of Dec. 2001," covering sales from 1974 to 2001, BELMONT does not appear as a separate brand. However, Collector's Choice does appear. Exhibit 24 shows a total of 474,000 BELMONT cigarettes were shipped to wholesalers in 1993. According to Exhibit 22, showing other shipments to wholesalers, BELMONT cigarettes comprised .00011 of one percent of total cigarette shipments to wholesalers in 1997, .0001 of one percent in 1998, .00015 of one percent in 1999, and .00018 of one percent in the year 2000. From Exhibit 20, it appears that in the year 2001, BELMONT cigarette shipments to wholesalers were .0001 of one percent of the total of cigarettes shipped. According to Mr. Alvarez, 2002 sales of the Vista Series amounted to 288,000 cigarettes, meaning that in that year approximately 29,000 BELMONT cigarettes were sold in the United States (the equivalent of less than 150 cartons). Alvarez dep., p. 17.

Arguments of the Parties

Petitioners argue that TISA has a bona fide intention to use the mark BELMONT in commerce, pointing to testimony of Mr. Wong that TISA had an intention to distribute BELMONT cigarettes in the United States and remains eager to do so once registration is allowed. Merely because TISA was a wholly owned subsidiary of BATCO, who directed TISA's activities, does not mean that TISA did not have a bona fide intention to use the mark in commerce, petitioners argue. Petitioners further argue that BATCO, the then-parent of TISA, derives its standing from TISA as well as through its own commercial interest in this proceeding, because it has regional marketing responsibilities for the BELMONT brand. Petitioners contend that both entities have responsibilities for developing the goodwill of the brand. While both BATCO and TISA are now under the ownership and control of a common parent (British-American Tobacco PLC), petitioners maintain that both still possess a real commercial interest in this case.

Respondent's position is that TISA is "a puppet whose strings are pulled by BATCO" (brief, p. 5), and that, in reality, it is BATCO that had and has a genuine desire to cancel respondent's registrations to pave the way for some BATCO company to introduce its BELMONT cigarettes in the

United States. Respondent points to testimony that BATCO tells TISA what to do, and that TISA aligns with the decisions of "the center" (BATCO in London). Respondent maintains that whatever intent was present at the time of filing was the intent of the then-parent BATCO and not of TISA, and that the Board should recognize that these corporations are separate and independent legal entities. Moreover, because BATCO's standing depends on TISA's and the applications are void for TISA's lack of a bona fide intention to use its marks in the United States, and because of the reorganization when both entities became subsidiaries of British-American Tobacco PLC, BATCO lost whatever standing it had because it is no longer the parent and owner of TISA and TISA is no longer its wholly owned subsidiary.

Concerning the issues of abandonment, with respect to registrant's 1962 registration, petitioners argue that that registration is void *ab initio* because respondent had no commercial use of the mark at the time of registration<sup>7</sup> and/or if registrant did acquire rights in that registered mark, the registered mark has been abandoned as a result of at least two decades of nonuse. Petitioners argue that

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<sup>7</sup> As noted above, voidness is not a ground for cancellation of a registration over five years old.



there has been no commercial use of this registered mark from at least 1962 to 1993, or that any use was sporadic, casual or nominal, failing to create or maintain any rights in the mark. Petitioners point to the lack of evidence of any sales under the mark through 1986. Petitioners also note that respondent's documents tend to indicate that respondent itself did not consider this registered mark an existing brand but merely a possible new brand because of marketing tests conducted in the late 1970s and early 1980s. With respect to the sales in the years 1987 through 1989, petitioners argue that even if these sales were sufficient to create rights in the mark, they do not cure any abandonment due to nonuse which occurred before 1987.

With respect to the 1994 registration, in connection with which a statement of use was filed alleging use since November 2, 1993, petitioners argue that there was no bona fide use of this registered mark in commerce in the ordinary course of trade at the time of registration. Petitioners refer to the amendments to the Trademark Act, effective November 1989, including the definitional section (Section 45, 15 USC §1127), wherein "use in commerce" is defined as "the bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right in the mark." Petitioners maintain that the more stringent use

requirements of the 1989 amendments were intended to eliminate the practice of token use, and that respondent's use is insufficient under the Act.<sup>8</sup> It is petitioners' position that respondent's use of the mark in the years 1993 through 1996 were minuscule in terms of overall sales, that the goods were distributed sporadically during this time with, for example, less than 250 packs of BELMONT cigarettes being distributed in some states on an annual basis. Even in 1994, apparently the year of highest distribution, enough BELMONT cigarettes were distributed for only hundreds of smokers. Brief, p. 24. Petitioners maintain that they have presented a *prima facie* showing of abandonment and lack of bona fide use sufficient to shift the burden to respondent to either disprove the facts of abandonment and nonuse or to show evidence of an intent to resume use.

As petitioners have noted in their reply brief, respondent has virtually ignored the abandonment and nonuse claims and has focused almost entirely upon the contention that petitioners lack standing because TISA's applications are void as a result of the lack of a bona fide intention to use the marks BELMONT and BELMONT and design in

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<sup>8</sup> See S.Rep. No. 100-515, at 44 (1988); and *Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1774 (TTAB 1994).

commerce. With respect to the issues of abandonment and nonuse, respondent has devoted only two paragraphs of its 24-page brief to these issues. Respondent contends that most of the particulars of its use before the 1990s are "lost in the mists of time." Brief, p. 7.

... BELMONT has been used as part of the COLLECTOR'S CHOICE program of marketing minor brands through ordinary channels of cigarette trade. While retention of the mark may have played a role in the continuity of the program, there is no evidence that the program existed "merely" for that purpose, or that it was unprofitable...

There is voluminous data, from which, with sufficient effort, one may argue almost any position one chooses. Given the plain lack of standing of either petitioner to maintain this proceeding, it would be an enormous expenditure of unnecessary time and energy to delve into the issue any further.

Brief, pp. 7-8.

#### Discussion and Analysis

We first determine whether petitioners have established their standing in this case, because if they have no standing, we need not consider petitioners' grounds for cancellation.

First, we note that the Board has allowed a registrant to challenge the validity of an intent-to-use application pleaded by a petitioner in a cancellation proceeding. See *Frank Salacuse v. Ginger Spirits, Inc.*, 44 USPQ2d 1415

(TTAB 1997). Such a challenge goes to the standing of the plaintiff. Standing is a threshold inquiry directed solely to establishing a plaintiff's interest in the proceeding. The purpose in requiring standing is to prevent litigation where there is no real controversy between the parties. To establish standing, it must be shown that a plaintiff has a "real interest" in the outcome of a proceeding; that is, plaintiff must have a direct and personal stake in the outcome of the proceeding. See *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999); and *Jewelers Vigilance Committee, Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 USPQ2d 2021, 2023 (Fed. Cir. 1987). See also *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982).

Whether an applicant had a bona fide intention to use the mark in commerce should be a fair and objective determination based upon all of the circumstances of record. *Lane Ltd. v. Jackson International Trading Co.*, 33 USPQ2d 1351, 1356 (TTAB 1994).

According to the testimony, BATCO wanted to sell BELMONT cigarettes, widely known in Central and South America, in the U.S. market because of the large number of Latin Americans residing in Florida. Waterfield dep., p. 19. It is also clear that BATCO was responsible for the decision to sell BELMONT cigarettes in the United States.

Waterfield discovery dep., pp. 53, 55. BATCO also determined that BELMONT cigarettes should be distributed and the mark registered in the U.S. by TISA, the wholly owned subsidiary of BATCO. Waterfield discovery dep., p. 56; Wong discovery dep., pp. 40, 42, 50 and 62, and Wong dep., p. 34. Further, Mr. Wong testified at pp. 12 and 15, that TISA had a bona fide intention to use the mark when it filed its U.S. applications.

We believe that TISA had a bona fide intention to sell BELMONT cigarettes in Florida, even though the decision to do so was made by its then-parent in London. TISA is (or was) a wholly owned subsidiary and its business strategies and operational decisions may be dictated and reviewed by its parent BATCO.

We agree with petitioners that if TISA intended to follow BATCO's instructions, and we have no evidence that it does not intend to do so, and if BATCO instructions were to distribute BELMONT cigarettes in the U.S., then TISA intended to distribute BELMONT cigarettes in the United States.<sup>9</sup> Even if the parent, desirous of the use and registration by a wholly owned subsidiary, directs that subsidiary to file a trademark application asserting a bona fide intention to use the mark, that fact alone does not

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<sup>9</sup> In its brief, respondent says that TISA "had a bona fide intent to do ... whatever BATCo told it to do, because BATCo paid the salaries of those who ran TISA." Brief, p. 10.

mean that such a subsidiary lacks a bona fide intention to use the mark merely because it is following the directions of its parent, by whom it is owned. Further, respondent has pointed us to no precedent or legislative history indicating that the filing of an application by a wholly owned subsidiary under these circumstances should render the application void for lack of a bona fide intention to use by that subsidiary.<sup>10</sup>

It is clear that TISA had an intention to carry out the marketing plans of BATCO. And it is clear from this record that if registrations are eventually allowed, TISA, the subsidiary, stands ready to distribute cigarettes under the mark in this country.

We conclude, therefore, that TISA had a bona fide intention to use the mark BELMONT in the United States when it applied for registration, and that BATCO as the parent corporation had standing as well. TISA's BELMONT cigarettes were one of BATCO largest and best known brands in Central and South America. Moreover, BELMONT cigarette sales clearly contributed profits to BATCO. Any use of this

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<sup>10</sup> We note that the Trademark Manual of Examining Procedure states that "Either a parent corporation or a subsidiary corporation may be the proper applicant, depending on the facts concerning ownership of the mark. The Office will consider the filing of the application in the name of either the parent or the subsidiary to be the expression of the intention of the parties as to ownership in accord with the arrangements between them." See TMEP Section 1201.03(c).

mark in this country by the former subsidiary would also contribute profits to BATCO. The fact that both entities are now commonly owned and controlled affiliates of British-American Tobacco PLC, a common parent, does not mean that they have lost their real commercial interest in eventually using the BELMONT mark in this country and in seeking cancellation of these registrations. See also *May Departments Stores Co. v. Prince*, 200 USPQ 803 (TTAB 1978)(parent had standing to oppose applied-for mark which was confusingly similar to a subsidiary's).

We conclude that TISA, the owner of two applications which have been refused registration on the basis of the registrations sought to be cancelled, has established standing in this case. Further, BATCO, the former parent corporation, has sufficient interest in this case to have standing.

Turning now to the issue of abandonment, Section 45 of the Trademark Act, 15 U.S.C. §1127, defines abandonment of a mark in relevant part as follows:

*Abandonment of mark.* A mark shall be deemed to be "abandoned" when ... the following occurs:

- (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for three consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide

use of that mark made in the ordinary course of trade, and not made merely to reserve a right in the mark.

Petitioners bear the ultimate burden of proof of abandonment by a preponderance of the evidence. See *Cerveceria Centroamericana S.A. v. Cerveceria India Inc.*, 892 F.2d 1021, 13 USPQ2d 1307, 1309 (Fed. Cir. 1989). Only upon such a showing does the burden of persuasion shift to respondent to come forward with evidence rebutting the showing of abandonment or establishing that there is an intent to resume use. *Id.* at 1312.

Section 45 of the Act was amended, effective January 1, 1996, to extend the minimum period of nonuse required to establish a prima facie case of abandonment from two to three consecutive years of nonuse. P.L. 103-465 §§521, 523, 108 Stat. 4809 (1994). The law currently in effect must be applied (although whichever period of nonuse we use in this case would not change the result). In this regard, we note the following statement by our primary reviewing court in an analogous situation, *U.S. Olympic Committee v. Toy Truck Lines Inc.*, 237 F.3d 1331, 57 USPQ2d 1380, 1382 (Fed. Cir. 2001):<sup>11</sup>

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<sup>11</sup> Although the quoted case pertains to an amendment to the Amateur Sports Act of 1978, the legal principle establishing which version of the particular law governs this case is directly applicable.



It was improper for the Board to refuse to consider the 1998 enactment. The general rule is that a tribunal must apply the law as it exists at the time of the decision. See *Saint Francis College v. Al-Khazraji*, 481 U.S. 604, 608, 107 S.Ct. 2022, 95 L.Ed.2d 582 (1987) ("The usual rule is that federal cases should be decided in accordance with the law existing at the time of decision.") Although this rule is subject to exceptions when justice requires, such as when vested rights are materially affected by the change in law, *Landraf v. USI Film Prods.*, 511 U.S. 244, 265, 114 S.Ct. 1483, 128 L.Ed.2d 224 (1994), no such reason has been proffered by Toy Truck Lines. Since this application was based solely on "intent to use," with no representation of actual use, there is no suggestion of the existence of any vested property right or investment in trademark use. Cf. *id.* at 270, 114 S.Ct. 1483 (determination of statutory retroactivity requires consideration of "whether the new provision attaches new legal consequences to events completed before its enactment"). In this case there is no suggestion that application of the 1998 Act would impair any rights possessed before the enactment, increase Toy Truck's liability, or impose new duties for any past conduct. See *id.* at 280, 114 S.Ct. 1483; *Lowry v. Secretary of Health and Human Services*, 189 F.3d 1378, 1380-81 (Fed. Cir. 1999). The Board was promptly advised of the new statute and its direct relationship to trademark use of "Pan American." The USOC's opposition to Toy Truck's application for registration could not be denied without consideration of the effect of the 1998 Act.

Upon careful consideration of this record, we find that petitioners have presented a *prima facie* case of abandonment of respondent's mark in Registration No. 739,265. There simply is no evidence of use of this mark from 1962, the year of issuance, for over 20 years. Even

if respondent's use in the mid-1980s is considered sufficient commercial use (and we do not find that to be the case), that use was new or recommenced use which cannot cure the longstanding abandonment. See *Stromgren Supports Inc. v. Bike Athletic Co.*, 43 USPQ 2d 1100, 1112 (TTAB 1997) (subsequent use of an abandoned mark was new and separate use which could not cure abandonment); and *Parfums Nautee Ltd. v. American International Industries*, 22 USPQ2d 1306, 1310 (TTAB 1992), and cases cited therein.

With respect to respondent's second registration, we also agree with petitioners that the use in the years 1994 through 1996 can be characterized as minimal, sporadic or nominal. It is clear from the documents of record that this program was part of a trademark maintenance effort "to maintain their [various minor brands'] trademark viability." In the highest year (1994), only the equivalent of about 4,800 cartons of BELMONT cigarettes were distributed nationally, with sales to wholesalers of around \$37,000. Of these, an undeterminable number of packs of BELMONT cigarettes were most likely returned to respondent for destruction. The level of advertising or promotion, only in the form of point-of-sale materials of approximately \$160,000, and that only for the overriding brand Collector's Choice, is minimal in the cigarette

industry. Accordingly, we find that this registered mark should be cancelled as a result of the lack of bona fide commercial use in the ordinary course of trade.

In light of our decision to cancel these registrations because of abandonment and lack of bona fide commercial use, we decline to consider or decide petitioners' remaining claim under the Pan American Convention. Petitioners have devoted only about six pages of argument (in its 55-page revised brief) to the Pan American Convention claim.

Decision: The petition to cancel is granted and respondent's registrations will be cancelled in due course.